

**EXHIBIT 110**

**THE DUGABOY INVESTMENT TRUST  
\$18.17 MILLION PROMISSORY NOTE OWED TO HCMLP  
FEBRUARY 2024**

**HIGHLAND CAPITAL  
MANAGEMENT**



# DUGABOY INVESTMENT TRUST

## EXECUTIVE SUMMARY

- The Dugaboy Investment Trust (“Dugaboy”) is a Delaware Trust established in 2010 for the benefit of Jim Dondero (“Dondero”)
- [REDACTED]
  - 100% LP interest in NexPoint Advisors, Dondero’s flagship real estate investment platform
  - Significant portfolio of publicly traded Dondero-managed entities as well as privately held real estate investments and other private investments
  - [REDACTED]
- Dugaboy was the Maker of a Promissory Note (the “Original Note”) dated 12/28/16 in the face amount of \$23,817,639.58 owed to The Get Good Non-Exempt Trust <sup>1</sup> as Payee
  - The Get Good Non-Exempt Trust assigned 97.6835% of its interest in the original note to HCMLP on 12/28/16, retaining 2.3165%
  - The Original Note was replaced by an Amended Note in the face amount of \$24,198,069.28 dated 5/31/17 and further replaced by a Promissory Note (the “Note”) in the face amount of \$24,268,621.69, also dated 5/31/17
  - The current face amount owed to HCMLP under the Note is \$18,174,936.62 <sup>2</sup>
  - Despite raising defenses with other notes owed by Dondero-affiliated entities, Dugaboy’s trustee affirmed under oath that no similar oral agreements existed beyond those specific notes <sup>3</sup>
  - Dugaboy’s counsel in fact asserted that “there is no dispute that . . . Dugaboy has been making (and continues to make) payments on the Dugaboy Note and that there is little risk of Dugaboy defaulting on the Dugaboy Note” <sup>4</sup>
- Terms of the Note:
  - Unsecured note due 12/31/46 <sup>5</sup>
  - Interest: 3.26% payable annually on December 31
  - Amortization: 1 / 30 of original principal amount owed annually on December 31 (\$790k owed annually to HCMLP, or 4.35% of the current principal amount)
- HCMLP is offering this Note at 50% of par, or \$9,087,468.31 / IRR of 13.6%
  - Proposed sale process will include a \$3mm overbid should another bidder come in at a higher price than initial bidder

<sup>1</sup> Dondero trust which is currently not believed to hold significant assets

<sup>2</sup> Principal amount owed following the December 2023 amortization payment

<sup>3</sup> Appendix in Support of Highland Capital Management, LP’s Motion for Partial Summary Judgement in Notes Actions (Adv Case No. 19-34054, Docket #0127)

<sup>4</sup> Dugaboy’s Brief in Support of the Motion to Dismiss, or in the alternative, Motion for More Definite Statement entered on 4/30/21 (Adv Case No. 20-03195, Docket #30)

<sup>5</sup> The note states that the final maturity date is 12/31/47, however it also states the note principal is due in thirty equal annual installments beginning 12/31/17, which would make the final installment due 12/31/46



## DUGABOY INVESTMENT TRUST

### SUMMARY PROPOSED SALE TIMELINE AND PROCESS

Sale Period	<ul style="list-style-type: none"><li>First Round marketing February – March, Executed Stalking Horse Agreement Signed by April 30 with \$1mm deposit</li><li>Second Round Marketing May, Auction week of June 10-14</li><li>Closing week of June 24-28</li></ul>
Materials / Documentation	<ul style="list-style-type: none"><li>Initial outreach with one slide teaser (executive summary slide)</li><li>Potential buyers sign NDA and receive full deck along with [the note; historical Dugaboy financials]</li><li>Negotiate / sign Stalking Horse Agreement</li><li>Negotiate / sign final PSA with winner of auction</li></ul>
	<ul style="list-style-type: none"><li>[REDACTED]</li></ul>
Sale Terms	<ul style="list-style-type: none"><li>\$1mm deposit due upon execution of Stalking Horse Agreement</li><li>Stalking Horse bidder receives \$2mm breakup fee from Seller</li><li>Winning bid must be \$3mm over Stalking Horse Bid</li><li>Example: Stalking Horse Bid of \$6mm, buyer puts up \$1mm deposit, another party bids \$9mm at auction, Seller nets \$7mm (receives \$9mm from buyer, refunds \$1mm deposit to Stalking Horse bidder and pays Stalking Horse bidder \$2m breakup fee)</li><li>All sales are for cash only due at closing; all accrued interest travels to buyer</li><li>100% of purchase price due next business day</li><li>Deposit due in advance of auction</li><li>Second place bidder must agree that his bid must remain open and can be accepted 36 hours after the auction</li></ul>



## DUGABOY INVESTMENT TRUST

### SUMMARY TERMS OF DUGABOY PROMISSORY NOTE

<b>Maker:</b>	The Dugaboy Investment Trust
<b>Facility:</b>	Promissory Note dated 5/31/2017 in the principal amount of \$24,268,621.69 payable to Highland Capital Management, LP (97.6835% = \$23,706,439.07) and The Get Good Non-Exempt Trust (2.3165% = \$562,182.62)
<b>Current Principal:</b>	Principal Payable to Highland Capital Management is currently \$18,174,936.62 (76.67% of original principal amount following amortization payments which occurred between 2017 - 2023)
<b>Security:</b>	None
<b>Guarantor:</b>	None
<b>Maturity:</b>	12/31/2046
<b>Interest Rate:</b>	3.26%, compounding annually on May 31 and payable annually on December 31
<b>Amortization</b>	1 / 30 of original principal amount payable annually on December 31 (4.35% of current principal amount)
<b>Call Protection:</b>	None. Maker may prepay in whole or in part the unpaid principal or accrued interest of the Note
<b>Event of Default:</b>	Failure to pay this Note or any installment as it becomes due; immediate acceleration upon default. Cost of collection expressly included in note terms.
<b>Covenants:</b>	None

<sup>1</sup> Based on amortization schedule. The promissory note states the final payment date is 12/31/47 due to a scrivener's error



## DUGABOY INVESTMENT TRUST

### SUMMARY OF DONDERO-AFFILIATED NOTES DUE TO HCMLP

- Highland is in the process of collecting on notes owed by Dondero-affiliated entities, which are in default <sup>1</sup>
- Dondero-affiliates raised a number of defenses, including the existence of an alleged oral agreement with Nancy Dondero as Trustee of Dugaboy and holder of a majority of HCMLP units that the notes would be forgiven contingent on Dondero's monetization of certain assets <sup>2</sup>
- On 1/17/23, the Bankruptcy Court filed a supplemental report and recommendation finding the Dondero-affiliates liable for the notes under Highland's motion for summary judgement
- On 7/6/23, the United States District Court, Northern District of Texas, Dallas Division adopted and approved the Bankruptcy Court's Report and Recommendation on HCMLP's motion for summary judgement on the notes and subsequently entered amended final judgements against the Dondero entities
- Defendants have paid the judgement amounts into the court registry, pending appeal to the United States Court of Appeals for the Fifth Circuit

Party	Judgement Amount	Individual Bond Amount
NexPoint Advisors, LP	\$25,849,816.94	\$28,693,296.80
NexPoint Real Estate Partners, LLC	\$13,251,661.00	\$14,709,343.70
James Dondero	\$10,152,391.87	\$11,269,154.90
NexPoint Asset Management, LP	\$8,441,524.65	\$9,370,092.36
Highland Capital Management Services, Inc.	\$7,578,620.41	\$8,412,268.66
NexPoint Asset Management, LP	\$3,628,692.37	\$4,027,848.53
<b>Total</b>	<b>\$68,902,707.24</b>	<b>\$76,482,004.95</b>

<sup>1</sup> Nexpoint Asset Management, LP was a defendant in two adversary actions and final judgements were handed down in both, which is why there are two discrete judgements against this entity

<sup>2</sup> [REDACTED]



# DUGABOY INVESTMENT TRUST

## DUGABOY NOTE CASHFLOWS

### Dugaboy promissory note owed to HCMLP

Beginning principal owed to HCMLP	\$ 18,174,936.62	
Interest rate	3.26%	
Maturity	12/31/2046	
Years to Maturity	22.52	
Amort / Yr	4.35%	
WAL (years)	10.48	
Purchase Price (% of Par)	50.00%	[Illustrative]
Purchase Price (\$)	\$ 9,087,468.31	[trades flat]
Closing Date	6/30/2024	[Illustrative]
IRR:	13.62%	
Return %	178.30%	
P/L	\$ 16,203,008.57	
Years to breakeven	6.5	

	Amort schedule				
	Beg principal	Amort Payment	Interest Payment	Total Payment	Eding Principal
12/31/2023					\$ 18,174,936.62
12/31/2024	\$ 18,174,936.62	\$ 790,214.64	\$ 594,126.23	\$ 1,384,340.87	\$ 17,384,721.98
12/31/2025	\$ 17,384,721.98	\$ 790,214.64	\$ 566,741.94	\$ 1,356,956.58	\$ 16,594,507.34
12/31/2026	\$ 16,594,507.34	\$ 790,214.64	\$ 540,980.94	\$ 1,331,195.58	\$ 15,804,292.70
12/31/2027	\$ 15,804,292.70	\$ 790,214.64	\$ 515,219.94	\$ 1,305,434.58	\$ 15,014,078.06
12/31/2028	\$ 15,014,078.06	\$ 790,214.64	\$ 490,799.93	\$ 1,281,014.57	\$ 14,223,863.42
12/31/2029	\$ 14,223,863.42	\$ 790,214.64	\$ 463,697.95	\$ 1,253,912.59	\$ 13,433,648.78
12/31/2030	\$ 13,433,648.78	\$ 790,214.64	\$ 437,936.95	\$ 1,228,151.59	\$ 12,643,434.14
12/31/2031	\$ 12,643,434.14	\$ 790,214.64	\$ 412,175.95	\$ 1,202,390.59	\$ 11,853,219.50
12/31/2032	\$ 11,853,219.50	\$ 790,214.64	\$ 387,473.63	\$ 1,177,688.27	\$ 11,063,004.86
12/31/2033	\$ 11,063,004.86	\$ 790,214.64	\$ 360,653.96	\$ 1,150,868.60	\$ 10,272,790.22
12/31/2034	\$ 10,272,790.22	\$ 790,214.64	\$ 334,892.96	\$ 1,125,107.60	\$ 9,482,575.58
12/31/2035	\$ 9,482,575.58	\$ 790,214.64	\$ 309,131.96	\$ 1,099,346.60	\$ 8,692,360.94
12/31/2036	\$ 8,692,360.94	\$ 790,214.64	\$ 284,147.33	\$ 1,074,361.97	\$ 7,902,146.30
12/31/2037	\$ 7,902,146.30	\$ 790,214.64	\$ 257,609.97	\$ 1,047,824.61	\$ 7,111,931.66
12/31/2038	\$ 7,111,931.66	\$ 790,214.64	\$ 231,848.97	\$ 1,022,063.61	\$ 6,321,717.02
12/31/2039	\$ 6,321,717.02	\$ 790,214.64	\$ 206,087.97	\$ 996,302.61	\$ 5,531,502.38
12/31/2040	\$ 5,531,502.38	\$ 790,214.64	\$ 180,821.02	\$ 971,035.66	\$ 4,741,287.74
12/31/2041	\$ 4,741,287.74	\$ 790,214.64	\$ 154,565.98	\$ 944,780.62	\$ 3,951,073.10
12/31/2042	\$ 3,951,073.10	\$ 790,214.64	\$ 128,804.98	\$ 919,019.62	\$ 3,160,858.46
12/31/2043	\$ 3,160,858.46	\$ 790,214.64	\$ 103,043.99	\$ 893,258.63	\$ 2,370,643.82
12/31/2044	\$ 2,370,643.82	\$ 790,214.64	\$ 77,494.72	\$ 867,709.36	\$ 1,580,429.18
12/31/2045	\$ 1,580,429.18	\$ 790,214.64	\$ 51,521.99	\$ 841,736.63	\$ 790,214.54
12/31/2046	\$ 790,214.54	\$ 790,214.54	\$ 25,760.99	\$ 815,975.53	\$ -
			\$ 7,115,540.26	\$ 25,290,476.88	
			Purchase Price:	\$ (9,087,468.31)	[Illustrative]
			P/L:	\$ 16,203,008.57	[Illustrative]



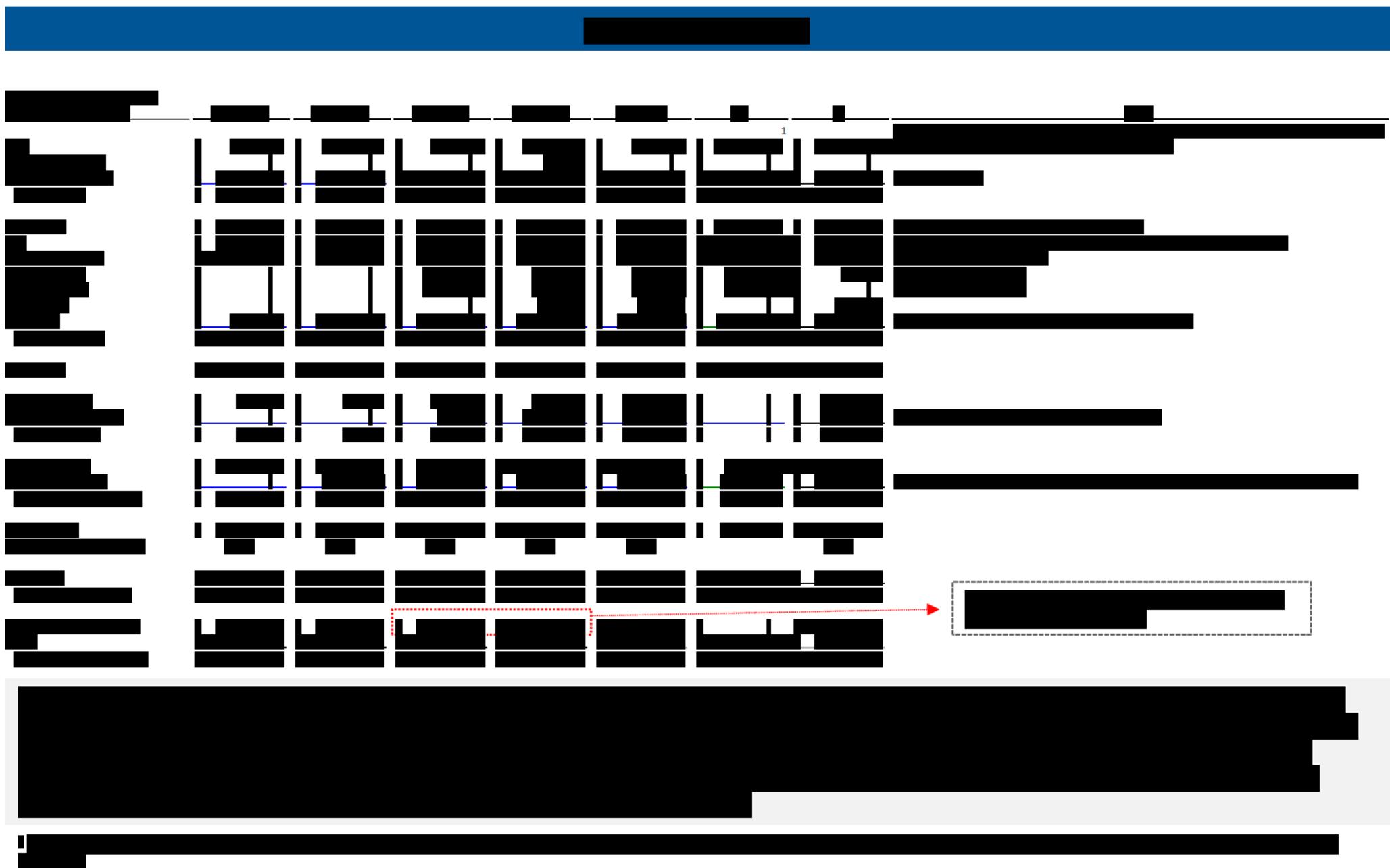
## DUGABOY INVESTMENT TRUST

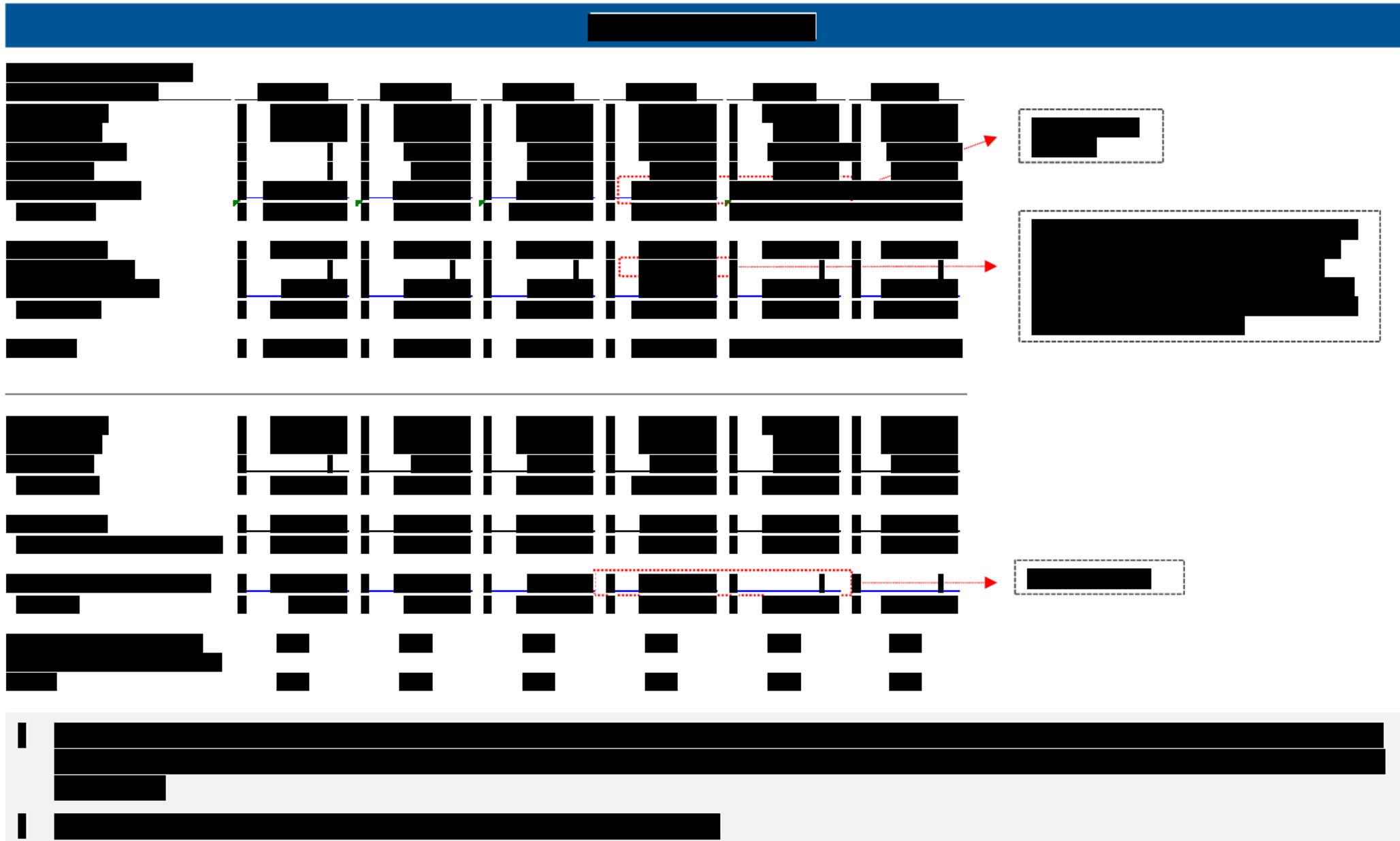
### DUGABOY NOTE PURCHASE PRICE SENSITIVITY

Note Purchase Price (\$)	\$ 6,361,227.82	\$ 7,269,974.65	\$ 8,178,721.48	\$ 9,087,468.31	\$ 9,996,215.14
Note Purchase Price (% of Par)	35.00%	40.00%	45.00%	50.00%	55.00%
IRR	21.80%	18.38%	15.74%	13.62%	11.87%
Return	297.57%	247.88%	209.22%	178.30%	153.00%
Total Cashflows Received	\$ 25,290,476.88	\$ 25,290,476.88	\$ 25,290,476.88	\$ 25,290,476.88	\$ 25,290,476.88
P/L	\$ 18,929,249.06	\$ 18,020,502.23	\$ 17,111,755.40	\$ 16,203,008.57	\$ 15,294,261.74
Years to Breakeven	4.5	5.5	6.5	6.5	7.5

Note: For board purposes only

Assumes 6/30/2024 closing date







## DUGABOY INVESTMENT TRUST

[REDACTED]



## DUGABOY INVESTMENT TRUST



Note

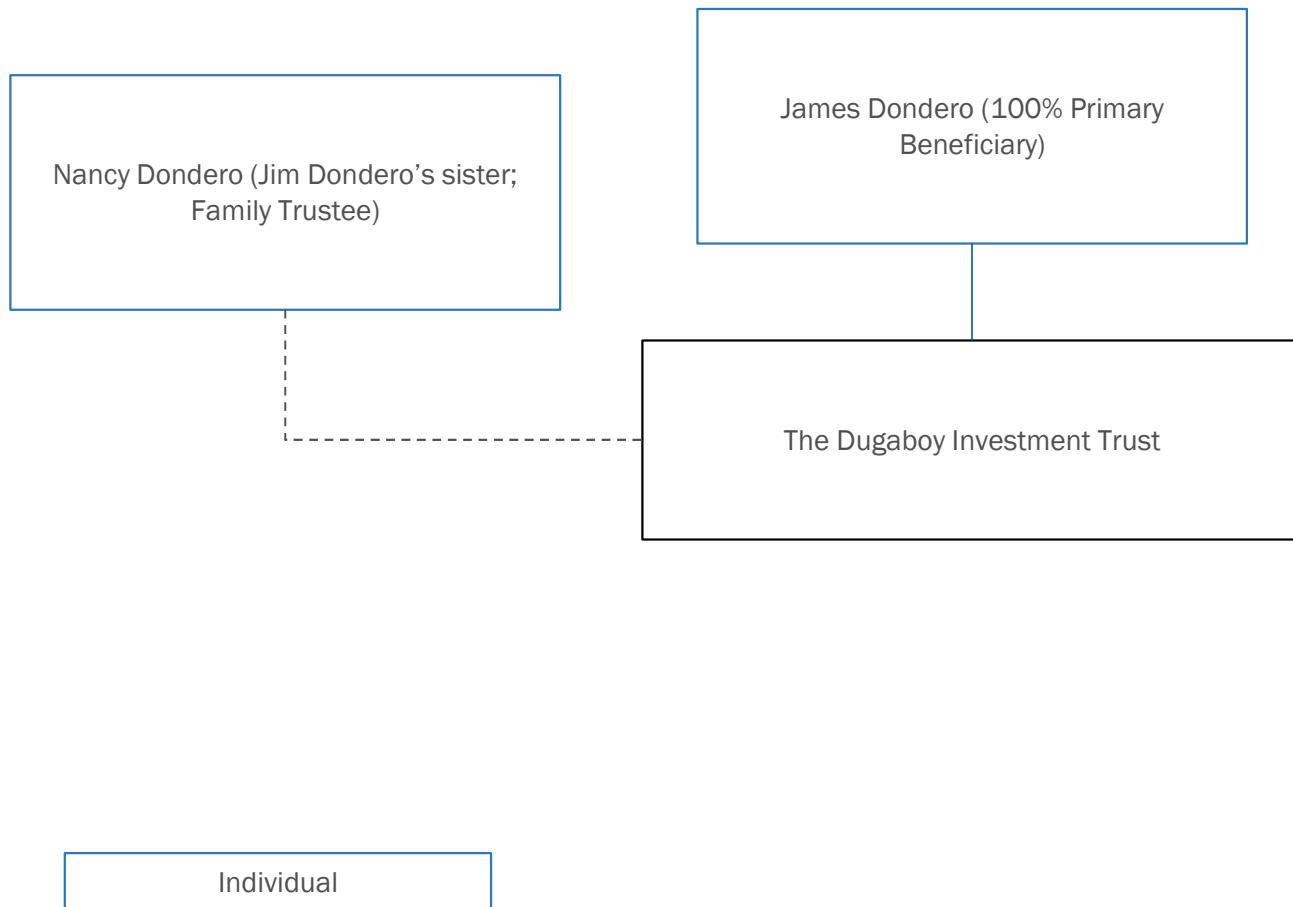
Other

Note Ow



## DUGABOY INVESTMENT TRUST

### THE DUGABOY INVESTMENT TRUST ORG CHART





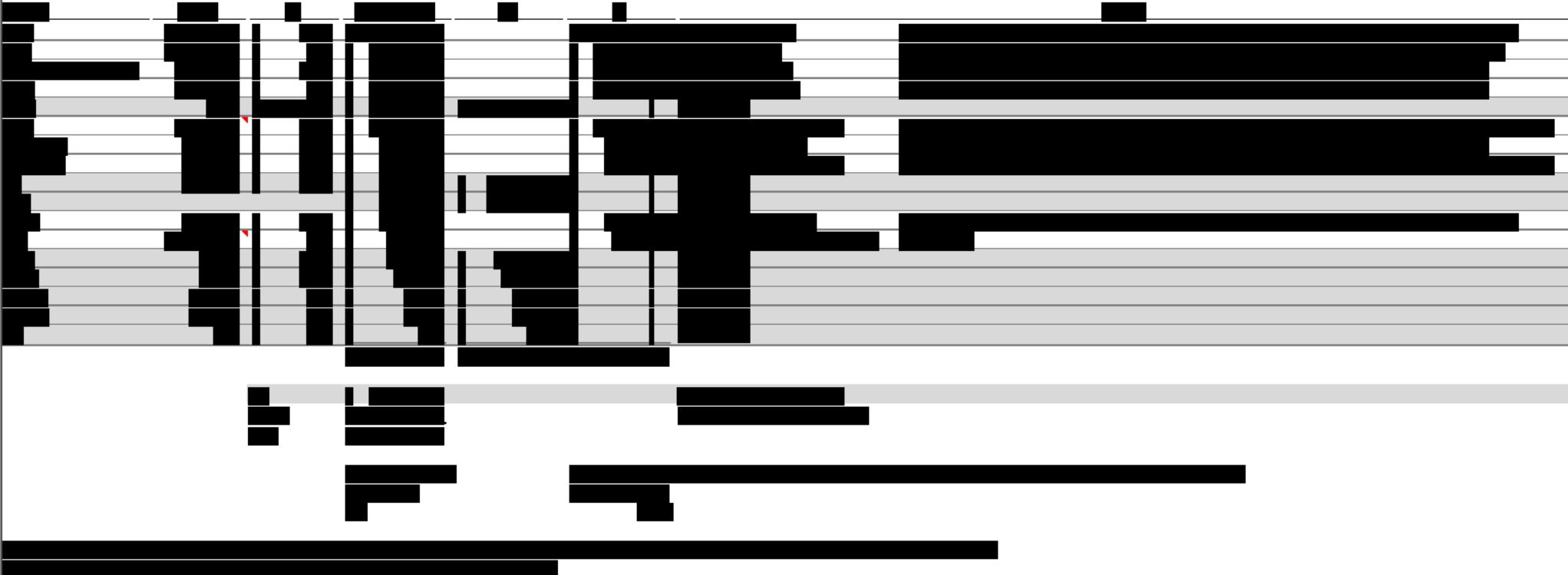
## DUGABOY INVESTMENT TRUST

### APPENDIX



## DUGABOY INVESTMENT TRUST

### Current Share Count / Current Price



DRAFT - PRIVILEGED AND CONFIDENTIAL



# DUGABOY INVESTMENT TRUST

## DUGABOY SECURITIES PORTFOLIO: NXRT

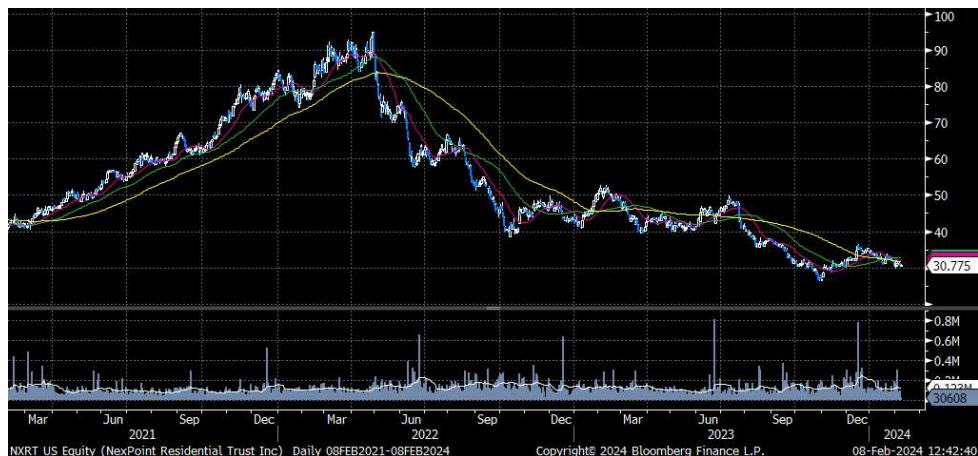
### Business Overview

- NexPoint Residential Trust, Inc (“NXRT”) is an externally advised, publicly traded real estate investment trust (REIT) focused on the acquisition, asset management, and disposition of multifamily assets, located primarily in the Sun Belt region of the United States.
- The company pursues investments in class B multifamily real estate properties, typically with a value-add component, where it can invest significant amounts of capital to provide “life-style” amenities to “workforce” housing.
- NXRT was formed via a spin-off from the predecessor to NXDT, which at the time was a closed end fund (NHF)
- NXRT is NexPoint’s flagship investment product

### Capital Structure

NexPoint Residential Trust, Inc Capital Structure as of 9/30/23			x LTM
	\$mm	EBITDA	
Mortgages payable	\$ 1,575		
Credit Facility	\$ 41		
Total Debt	\$ 1,616	11.7x	
 Cash	 \$ 10		
Net Debt	\$ 1,606	11.6x	
 Equity Value	 \$ 769		
Enterprise Value	\$ 2,375	17.2x	

### NXRT Chart



### Considerations

- Dugaboy owns 7.6% of outstanding NXRT shares
- NXRT benefited from 2015-21 from era of low interest rates
- Growth story has been challenged recently as company forced to sell assets to reduce leverage
- Currently 36% of debt matures by 2026 and carries a weighted average floating rate of 6.3%
- \$21.6mm of run-rate annual fees are being waived by NexPoint Advisors, whose LP interest is 100% owned by Dugaboy, therefore if NXRT fundamentals can improve it represents significant upside to Dugaboy through both share appreciation and revenue



## DUGABOY INVESTMENT TRUST

DUGABOY REAL ESTATE PORTFOLIO

• [REDACTED]

■ [REDACTED]

■ [REDACTED]



## DUGABOY INVESTMENT TRUST





## DUGABOY INVESTMENT TRUST

Term	Percentage
Climate change	98
Global warming	100
Green energy	95
Carbon footprint	92
Sustainable development	88
Renewable energy	85
Emissions reduction	82
Green economy	78
Carbon tax	95



# DUGABOY INVESTMENT TRUST



## DUGABOY INVESTMENT TRUST





## DUGABOY INVESTMENT TRUST



• [Home](#) | [About](#) | [Services](#) | [Contact](#)

© 2013 Pearson Education, Inc.

© 2013 Pearson Education, Inc.

© 2019 Pearson Education, Inc.

For more information, contact the Office of the Vice President for Research and the Office of the Vice President for Student Affairs.

For more information, visit [www.ams.org](http://www.ams.org).

Digitized by srujanika@gmail.com

© 2013 Pearson Education, Inc.

1  1

Digitized by srujanika@gmail.com

© 2013 Pearson Education, Inc. All Rights Reserved. May not be copied, scanned, or duplicated, in whole or in part. Due to electronic rights, some third party content may be suppressed from the eBook and/or eChapter(s). Editorial review has determined that any suppressed content does not materially affect the overall learning experience. Pearson Education, Inc. reserves the right to remove additional content at any time if subsequent rights restrictions require it.

DRAFT - PRIVILEGED AND CONFIDENTIAL



# DUGABOY INVESTMENT TRUST

This figure is a Gantt chart, a horizontal timeline diagram used for project management. It features a series of horizontal tracks, each representing a different task or activity. The chart is divided into time periods by vertical grid lines. The tasks are represented by black bars, with some having white or grey highlights. The chart is set against a light grey background with a white horizontal line at the top.



## DUGABOY INVESTMENT TRUST

